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ATTORNEYS AT LAW

2000 PENNSYLVANIA AVENUE, NW
WASHINGTON, D.C. 20006-1888
TELEPHONE (202) 887-1500
TELEFACSIMILE (202) 887-0763

NEW YORK
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February 9, 2001

Writer's Direct Contact
(202) 887-8743
FKrogh@mofo.com

ELECTRONIC EX PARTE FILING

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, DC 20554

Re: Coalition for Affordable Local and Long Distance Services
CC Docket Nos. 96-262; 94-1; 99-249; and 96-45

Dear Ms. Salas:

The undersigned, representing One Call Communications, Inc. ("One Call"), and Mitchell F. Brecher, representing Operator Communications, Inc. ("Oncor"), met yesterday with Rich Lerner, Aaron Goldschmidt and Adam Candeub of the Competitive Pricing Division to discuss issues relating to One Call's petition for reconsideration of the *CALLS Order*¹ requesting that the Commission apply, in the case of payphones, the common line cost recovery mechanism established in the *CALLS Order* for all other single line business subscriber lines. The points addressed were those raised in the One Call petition for reconsideration and the One Call and Oncor pleadings submitted in support of the petition and comments filed prior to the *CALLS Order*. The attached outline was also distributed at the meeting.

¹ *Access Charge Reform*, 15 FCC Rcd 12962 (2000).

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Pursuant to the Commission's Rules, this letter and its attachment are being submitted for filing in each of the above-referenced dockets. Please direct any questions or concerns to the undersigned.

Respectfully submitted,

/s/ Frank W. Krogh
Frank W. Krogh

Counsel for One Call Communications,
Inc.

cc: Rich Lerner
Aaron Goldschmidt
Adam Candeub
Mitchell F. Brecher

PAYPHONE LINES WERE EXCLUDED, WITHOUT EXPLANATION, FROM A COST CAUSATION POLICY THAT IS DIRECTLY APPLICABLE TO SUCH LINES

A. The CALLS Order Folded the PICC Into the SLC For Other Single Line Business Lines For More Efficient Cost Recovery.

- Commission's rationale was that assessing the PICC on the PIC, which, in turn, recovers it from the cost causer -- the subscriber -- is inefficient.
- PICC cost recovery is far more inefficient and inequitable in the case of payphones because payphone PIC cannot feasibly recover the PICC from the subscriber -- the payphone provider -- or from end users.
- Payphone 0+ PIC often does not earn sufficient interstate revenue on a particular payphone to cover the monthly PICC and has no relationship with payphone provider.

B. Payphones Should Not Be Treated as Multiline Business Lines for PICC Purposes.

- Contrasting language in SLC and PICC regulations precludes parallel treatment of payphone lines. Even under pre-CALLS scheme, SLC and PICC differed where policy considerations warranted different treatment. In restructuring access charge scheme, categories should follow policy, not vice-versa.
- Payphones more like SLB than MLB lines, as found by Mich PSC.

C. Impact of PICC on Payphone PICs Far Outweighs Concerns Raised by CALLS Coalition

- Payphone provider is the cost causer and can more easily recover PICC or larger SLC from the revenue and payphone compensation it receives (for an average of 130+ dial-around and other long distance calls from each payphone per month as of 1996).
- In maintaining MLB PICC in the CALLS Order, Commission assumed a carrier-customer relationship that would enable PIC to recover the PICC from the end user, but payphone PIC cannot feasibly recover PICC from payphone provider or transient end users. Payphone PICs, with zero, one or two calls per month, are subsidizing all other calls from average payphone.
- MLB PICC was retained to subsidize residential subscribers and universal service goals. But in light of: (a) the demise of virtually all payphone OSPs, partially due to the PICC; (b) the Section 276(b) goal of promoting "the widespread deployment of payphone services to the benefit of the general public"; and (c) the disproportionate need for payphone services in low income areas, access charges on payphone lines should not be subsidizing non-payphone users.

- “Affordability concerns” cited in *Access Charge Reform Order* as basis for different levels of SLC therefore also justify relieving payphone PICs of double subsidy burden imposed by PICC.

D. Folding Payphone PICC Into the SLC Would End LECs’ Discriminatory PICC Practices.

- LECs impose PICC on 0+ PIC at their own payphones and on 1+ PICs at private payphones. Because 1+ carrier can more easily pass on PICC to payphone provider than 0+ PIC, this asymmetric charging practice enables LEC payphone operations, but not private payphone owners, to avoid the ultimate burden of the PICC.
- Mich PSC required LECs to impose intrastate PICC on 1+ PIC at all payphones in order to prevent such anticompetitive favoritism.
- Violates Section 276(a) by favoring BOC payphone operations and by indirectly subsidizing them.